

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 PA-02 COME-00 INT-05 CG-00 H-02 SS-15

NSC-05 SP-02 CIAE-00 INR-07 NSAE-00 SIL-01 LAB-04

EB-07 PM-04 DOTE-00 /067 W
----- 074207

P 061015Z APR 76

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC PRIORITY 9816

UNCLAS HELSINKI 690

DEPARTMENT PASS TO GOVERNORS DANIEL WALKER, ILLINOIS; WILLIAM MILLIKEN, MICHIGAN; WENDELL ANDERSON, MINNESOTA; HUGH CAREY, NEW YORK; JAMES RHODES, OHIO; MILTON SHAPP, PENNSYLVANIA; PATRICK LUCEY, WISCONSIN; OTIS BOWEN, INDIANA

E.O. 11652: N/A

TAGS: PFOR, FI

SUBJECT: US PURCHASE OF FINNISH ICEBREAKERS

1. A MATTER, NOW PENDING BEFORE THE CONGRESS, HOLDS GREAT PROMISE FOR YOUR STATE. I RESPECTFULLY URGE YOUR ASSISTANCE IF YOU FEEL THE FOLLOWING HAS MERIT. A UNIFIED APPROACH BY YOU AND YOUR FELLOW GREAT LAKES GOVERNORS WOULD BE VITAL TO THIS IMPORTANT ISSUE.

2. I FIRST BECAME INTERESTED IN THIS MATTER SHORTLY BEFORE I WAS CONFIRMED AS US AMBASSADOR TO FINLAND. I WAS AMAZED WHEN TOLD THAT DUE TO WINTER ICE CONDITIONS ON THE GREAT LAKES, PRACTICALLY THE ENTIRE INDUSTRIAL MID-WEST OPERATES ON A NINE MONTH BASIS. I WAS TOLD THAT EVEN IF THE ICE FAILS TO DEVELOP, INDUSTRY OF NECESSITY ANTICIPATES WORST-CASE ICE CONDITIONS AND, AS A RESULT, OPERATES APPROXIMATELY THREE-FOURTHS OF THE YEAR. (STRANGELY ENOUGH, ICE CONDITIONS IN FINLAND ARE SIMILAR TO THOSE OF THE GREAT LAKES. IF FINLAND HAD THE SAME ATTITUDE TOWARDS THIS PROBLEM AS OUR COUNTRY APPEARS TO HAVE, SHE COULDN'T SURVIVE.) WHEN I WAS IN HIGH SCHOOL, I WELL REMEMBER BEING

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TAUGHT THAT RUSSIAN FOREIGN POLICY WAS TIED TO THE NEED SHE HAD

FOR ICE-FREE PORTS. THAT PROBLEM IS NOW MOOT FOR THE RUSSIANS INASMUCH AS FINLAND HAS BUILT FIFTEEN ICEBREAKERS FOR THEM WHICH HAS FREED THE SOVIET UNION OF THIS PROBLEM. EVERY OTHER NATION IN THE WORLD SEEKING ICEBREAKERS, MOST RECENTLY ARGENTINA, TURNS TO FINLAND.

3. I HAVE BEEN INFORMED THAT THE ANNUAL PROBLEM OF REDUCED INDUSTRIAL PRODUCTION AND INCREASED UNEMPLOYMENT IN THE GREAT LAKES AREA HAS GONE ON FOR THIRTY-FIVE YEARS. IS THERE ANY DOUBT IN YOUR MIND THAT IF HIGHWAY 66 WERE ICED UP OR SNOWED UNDER THAT IT WOULD BE PLOWED OUT? OR, IF THE MISSISSIPPI OR MISSOURI WERE CLOGGED WITH SILT, THEY WOULD BE IMMEDIATELY CLEARED? THE GREAT LAKES, AMERICA'S FOURTH COAST, HAS NOT REALLY BEEN ADEQUATELY CARED FOR.

4. AS YOU WELL KNOW, WE ARE COMMITTED TO SELL FROM 6-8 MILLION TONS OF GRAIN ANNUALLY TO THE SOVIET UNION ALONE. MORE MILLIONS ARE SCHEDULED FOR SHIPMENT TO THE EASTERN BLOC COUNTRIES. DUE TO OUR ENERGY SHORTAGE, WE ARE TRYING TO CONVERT TO COAL. THE NEED TO SHIP MILLIONS OF TONS OF COAL FROM THE NORTH CENTRAL AREA OF THE US MAKES IT IMPERATIVE THAT THE LAKES BE PUT TO USE ON A YEAR-ROUND BASIS.

5. THE FIRST THOUGHT AN AMERICAN NORMALLY HAS IS "WHY DON'T WE BUILD ICEBREAKERS OURSELVES TO KEEP THE LAKES CLEARED?" IN THE FIRST PLACE, ONLY THREE ICEBREAKERS ARE REQUIRED. ACCORDING TO THE BEST ADVICE I CAN GET, TO TOOL-UP A SHIPYARD FOR THE MANUFACTURE OF THESE FEW MACHINES WOULD COST MUCH MORE THAN ONE ICEBREAKER ITSELF. IF THERE WERE A NEED FOR MANY SUCH SHIPS, IT WOULD BE WISE FOR THE US TO MAKE THEM. THIS HAS BEEN TRIED -- TWO VERY LARGE ARCTIC ICEBREAKERS ARE IN THE PROCESS OF BEING FINISHED

IN THE SEATTLE SHIPYARDS OF LOCKHEED COMPANY. THE GENERAL ACCOUNTING OFFICE RECENTLY REPORTED TO CONGRESS THAT LOCKHEED SHIPS ARE ALREADY \$20 MILLION OVER THEIR ESTIMATED COST (INCIDENTALLY THESE ARE TOO WIDE FOR THE GREAT LAKES' LOCKS). FOR THE US TO MAKE ICEBREAKERS IS AS SENSIBLE FOR THE FINNS TO MAKE DC-10'S. NO DOUBT THEY COULD DO IT, BUT AT HORRENDOUS COST. (AS A MATTER OF FACT, FINNAIR IN THE LAST FEW YEARS HAS CONVERTED ITS ENTIRE FLEET TO US AIRCRAFT SUBSTANTIALLY CONTRIBUTING TO THE PRESENT AND OVERWHELMING

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IMBALANCE IN OUR BILATERAL TRADE. THIS IMBALANCE IN 1975 WAS MORE THAN \$235 MILLION IN OUR FAVOR AND SIMULTANEOUSLY GIVING THOUSANDS OF US JOBS.) FINNS WILL GIVE A FIXED COST AND STIPULATED TIME FOR COMPLETION OF ALL EQUIPMENT NEEDED.

6. IT IS MY UNDERSTANDING THAT THE PRINCIPAL OBJECTIONS TO THE PROCUREMENT OF FINNISH ICEBREAKERS HAVE BEEN EXPRESSED BY LABOR UNIONS AND COAST GUARD. I HAVE REASON TO UNDERSTAND THAT REPRE-

SENTATIVES OF AMERICAN LABOR HAVE RECENTLY INDICATED THAT THEY WOULD NO LONGER OBJECT TO SUCH PROCUREMENT. CURRENTLY, THEREFORE, THE COAST GUARD REMAINS THE MAIN OPPONENT. THEY ARGUE THE PROBLEM OF REPLACEMENT PARTS SHOULD TROUBLE DEVELOP. I HAVE CHECKED AND FOUND ANY PARTS COULD BE DUPLICATED IF NEED BE. (INCIDENTALLY, ACCORDING TO US CORPS OF ENGINEERS, EACH DAY THE LAKES ARE FROZEN, 60,000 JOBS CEASE. AT \$30 A DAY LOSS OF WAGES WOULD AMOUNT TO \$1.8 MILLION A DAY. MULTIPLIED BY 90 DAYS, THIS WOULD PAY FOR 3 ICEBREAKERS. THIS DOES NOT INCLUDE CORPORATE LOSSES OR FRINGE JOB LOSSES.)

7 MY CLIENT IS THE US GOVERNMENT. I AM INTERESTED ONLY IN HER ULTIMATE WELFARE. THE DEPARTMENT OF STATE HAS RECENTLY INDICATED THAT THE PROCUREMENT OF FINNISH ICEBREAKERS AT THIS TIME WOULD BE IN ACCORD WITH US POLICY OBJECTIVES IN FINLAND. A DOCUMENT ON THIS IS AVAILABLE AT THE STATE DEPARTMENT FINNISH DESK. SENATOR GRIFFIN, CONGRESSMAN RUPPE, A FORMER COMMANDANT OF THE US COAST GUARD AND MANY OFFICIALS OF VARIOUS GREAT LAKES' DELEGATIONS HAVE BEEN TO FINLAND RECENTLY AND ARE COMPLETELY CONVERTED. PRESIDENT FORD SPENT SOME TIME ABOARD A FINNISH ICEBREAKER LAST SUMMER AND TOLD ME HE WAS GREATLY IMPRESSED.

8. I HAVE DISCUSSED THE NEED FOR AMERICAN PROCUREMENT OF FINNISH ICEBREAKERS WITH ALL TWELVE US SENATORS FROM THE GREAT LAKES AREA. THEY ARE COMPLETELY IN AGREEMENT. SENATORS HUMPHREY AND GRIFFIN HAVE TAKEN THE LEAD IN THE SENATE.

9. THE POLITICAL AND FOREIGN RELATIONS ASPECT IS THE ONE IN WHICH I AM MOST INTERESTED. FINLAND, MAY I REMIND YOU, IS THE ONLY COUNTRY EVER TO PAY HER WAR DEBT. FINLAND HAS ASKED US FOR NO ADDITIONAL HELP. FINLAND KNOWS FIRST HAND WHAT IT IS TO SIT ON THE SOVIET BORDER AND MAINTAIN HER INDEPENDENCE. THIS LITTLE COUNTRY IS IN DESPERATE FINANCIAL STRAITS AT THE

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MOMENT. A RECORD TRADE DEFICIT OF \$1.2 BILLION IN 1974 WAS FOLLOWED BY AN EVEN LARGER DEFICIT OF \$2.02 BILLION IN 1975. INFLATION HAS BEEN RUNNING AT AN ANNUAL RATE OF 18 PERCENT OVER THE PAST TWO YEARS. THE PRICE OF IMPORTED SOVIET OIL AND GAS, WHICH HAS QUADRUPLED SINCE 1973 HAS REQUIRED A RESTRUCTURING OF FINNISH EXPORTS TO SOVIET BLOC COUNTRIES. THE WEAKER FINLAND IS FINANCIALLY, THE MORE VULNERABLE SHE IS POLITICALLY. I CAN'T TELL YOU HOW LARGE THIS ISSUE IS IN FINLAND WHERE EVERYONE FROM PRESIDENT KEKKONEN, THE PARLIAMENT AND EVEN SCHOOL CHILDREN ARE AWARE OF THE IMPORTANCE OF SELLING ICEBREAKERS TO THE US. THE PSYCHOLOGICAL BOOST THIS WOULD GIVE THE FINNS AND THEIR FINANCIAL AND POLITICAL STABILITY IS IMMEASURABLE.

10. IN CONCLUSION, MR. GOVERNOR, MAY I POINT OUT THAT, IN OUR OWN BEST INTERESTS, THESE ICEBREAKERS COULD NOT HELP BUT STRENGTHEN

THE US ECONOMICALLY. AT THE SAME TIME, IT WILL GIVE STRONG
ASSISTANCE TO THIS COURAGEOUS COUNTRY WHICH DESERVES OUR ACCOLADES
AS WELL AS OUR STRONG MORAL SUPPORT.
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NOTE BY OCT: NOT PASSED ABOVE ADDRESSEES.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT PROCUREMENT, DIPLOMATIC COMMUNICATIONS, PROVINCIAL GOVERNOR, ICEBREAKERS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976HELSIN00690
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760129-0187
From: HELSINKI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760494/aaaadcdn.tel
Line Count: 175
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags:
Review Date: 07 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 JUN 2004 by SilvaL0>; APPROVED <26 JAN 2005 by MartinML>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US PURCHASE OF FINNISH ICEBREAKERS
TAGS: PFOR, FI, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006